

## Statement of

# Investment Objectives

(Issued: 8/03)

840 CMR 18.01 requires every retirement board to develop an investment policy and statement of investment objectives. This form is to be completed by the retirement board and filed with PERAC.

Name of Retirement Board

Time Period of Objectives

Date

**It is expected that answers will require additional space. Please use this form as a checklist and provide separate attachments.**

1. State the name, address, background, and responsibilities of each retirement board fiduciary, including every qualified investment manager employed or expected to be employed by the board.

2. State the terms of employment and compensation of every:

- A. qualified investment manager
- B. consultant employed by the board
- C. custodian bank employed by the board
- D. actuary employed by the board
- E. attorney employed or used by the board, and
- F. other contractor employed by the board



3. State the investment policy of the retirement board indicating how investment objectives are to be accomplished including the investment philosophy and method of investment, whether a consultant will be employed, whether a qualified investment manager will be employed, the method to be used to select brokers on a competitive basis for investment transactions, guidelines for proxy voting, and tender offer exercise procedures and other practices of the board.

4. State the rate of return objective for each asset class and for the entire portfolio, provided that the statement also includes the assumed rate of return used in the most recent actuarial valuation of the system. The rate of return objective for the entire portfolio should not exceed the assumed rate of return used in the most recent actuarial valuation of the system by more than 1.00%.

5. State the expected level of risk for the equity portion of the portfolio expressed in terms of an annual average beta coefficient, standard deviation, or other statistical risk measures and the expected duration of the fixed income portfolio. Risk levels shall also be established for other asset classes and the total portfolio.

6. State the expected portfolio asset mix, expressed as a percentage of the entire portfolio, of equities, fixed income investments, cash and short term investments, real estate, alternative investments, and international investments.

7. State the expected degree of diversification within each asset class for:

- A. equities, including capitalization, industry diversification, number of issues, and rate of turnover
- B. fixed income investments, including quality ratings, maturity schedule, industry diversification, number of issues, par value of issues, and rate of turnover
- C. cash and cash equivalent investments, including types of instruments and insurance coverage
- D. real estate investments
- E. alternative investments such as venture capital and leveraged buyouts
- F. international equities, including capitalization, country and industry diversification, number of issues, and rate of turnover
- G. international fixed income investments, including quality, maturity schedule, country and industry diversification, number of issues, par value of issues, and rate of turnover, and
- H. international cash and cash equivalent investments, including country diversification, types of instruments, and insurance coverage

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